



September 4, 2013

Contact: Ahmad Ali, 202.225.0037

## **Oversight Subcommittee to Examine Treasury's Role in Delphi Deal from 2009 "Detroit Bailout"**

WASHINGTON- House Oversight and Government Reform Subcommittee on Government Operations Chairman John Mica, R-Fla., today announced a hearing next Wednesday to examine a new inspector general report on the Treasury Department's role in a controversial component of the Obama Administration's "Detroit bailout." In a 2009 deal between government-controlled General Motors and one of its major suppliers, Delphi, GM slashed the pensions of non-unionized employees, while preserving full pensions and benefits for their unionized counterparts.

Despite assurances that Treasury, as well as the Presidential Task Force on the Auto Industry (Auto Team) was not supposed to be involved in day-to-day decision-making at GM, the [Special Inspector General for the Troubled Asset Relief Program found in a recent report](#) that the Treasury Department played key roles in decisions at GM, including in the controversial Delphi deal.

"For years the Treasury Department has refused to provide answers for the Delphi retirees who were hurt by their double dealing and have stonewalled this Congressional investigation," said Chairman Mica. "The IG report now proves, despite years of denials by the Obama Administration, that they played a major role in picking winners and losers in the Delphi deal. Having been caught misleading the American people for years on this role, the Administration must finally answer questions about why they gave special treatment to only the unions at a cost to taxpayers."

"The report completely discredits the Administration's statement that they did not influence GM and were not involved in GM's or the PBGC's decision making. It clearly shows Treasury stepping in and perverting the process of the bankruptcy and using their influence to make certain that the outcome was politically desirable to the Administration," said Rep. Michael Turner, R-Ohio. "This hearing is an opportunity to continue the investigation into the unjust termination of these pensions and the hardship that this Administration has imposed on thousands of Ohioans and retirees across the country."

The hearing, "Treasury's Role in the Decision for GM to Provide Pension Payments to Delphi Employees," will take place on Wednesday, September 11, 2013, at 1:30 p.m. in room 2154 of the Rayburn House Office Building and will be streamed live at <http://oversight.house.gov>. Additional information will be posted as it becomes available at the hearing page.

The Subcommittee on Government Operations held [a field hearing](#) on the Delphi pension bailout on June 10, 2013.

## **Background**

### ***Delphi Pensions and the Bailout of GM***

Delphi is an American manufacturer of auto parts; it is amongst the largest auto suppliers in the world. Originally part of GM, Delphi separated in 1999 to become an independent company. Delphi declared bankruptcy in October of 2005, and emerged from bankruptcy in October 2009. In March 2009, GM, after having received federal assistance, agreed to purchase Delphi's steering business. Delphi is now an independent company, but maintains ties to GM through its relationship as a parts supplier.

As part of the 1999 separation agreement between Delphi and GM, three unions – the United Automobile, Aerospace, and Agricultural Implement Workers of America (“UAW”); the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers; and the United Steelworkers of America – secured a guarantee from GM that in the event of a Delphi bankruptcy, GM would “top up” (i.e., make whole) the remainder of pensions not covered in the event of a loss. No such guarantee was given to Delphi employees that were not members of these three unions. This agreement was preserved after the bankruptcy of GM.

Despite assurances that Treasury's role, as well as that of the Presidential Task Force on the Auto Industry (Auto Team) was supposed to be purely advisory, the Special Inspector General for the Troubled Asset Relief Program found: “The decision that the New GM would honor the top-up was a joint decision by Treasury and GM with Treasury deciding to approve the UAW collective bargaining agreement with the top-up.”

### ***Oversight Committee Investigation and Treasury Department Stonewalling***

On August 9<sup>th</sup>, Full Committee Chairman Darrell Issa, R-Calif., issued a subpoena to Treasury Secretary Jacob Lew seeking all records and communications referring or relating to retirement or pension benefits for General Motors Company and/or Delphi Corporation employees, sent or received by any employee of the U.S. Department of the Treasury, to or from:

- any employee of the President's Automotive Task Force;
- any employee of the United Auto Workers;
- any employee of the Pension Benefit Guaranty Corporation;
- any employee of General Motors Company;
- any employee of Delphi Corporation;
- any employee of DPH Holdings Corporation; or,
- any Public Official.

A [July 23, 2013 letter](#) to Lew outlined earlier requests sent on [January 13, 2010](#), [August 8, 2011](#) and [September 27, 2012](#) to Lew's predecessor.

###